flexibility. They have also been enabled to access the capital market through issue of equity share capital and enlarge their shareholders' base. This is also in line with the recommendations of the Narasimham Committee on the Financial System.

(b) Public sector banks, other commercial banks and non-banking financial companies in the private sector supplement the role of large financial institutions in providing financial assistance to industry.

Obligations of Banks

2248. SHRI K.R. MALKANI: Will the Min ister of FINANCE be pleased to state:

(a) what are the obligations of nationalised Indian Banks, Private Indian Banks and Foreign Banks, respectively, with respect to Purchase of Government Securities, Subscription to Government loans, opening of more branches, loan Melas and Loan Waiver Schemes, Concessional facilities to agriculture, Small Scale Industry, Cooperatives etc. and any other social responsibilities, which may have been imposed in the last three years;

(b) if the obligations in respect of these are not the same, the reasons therefor; and

(c) what was the profit/loss account of these three categories of banks during the last three years?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) to (c) Information is being collected and to the extent available will be laid on the Table of the House.

Proportional Allotment to Small Investors by SEBI

2249. SHRI YERRA NARAYANASWAMY: Will the Minister of FINANCE be pleased to state:

(a) whether SEBI proposes to scrap proportional allotment to benefit small investors;

(b) if so, the details of this proposals;

(c) by when this proposal will be effective; and

(d) how SEBI proposes to monitor this new scheme?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) to (d) The information is being collected and will be laid on the Table of the House.

Bond Investment by IFCI

2250. SHRI YERRA NARAYANA SWAMY: Will the Minister of FINANCE be pleased to state:

(a) what are the different types of bond-investments by IFCI;

(b) whether it is a fact that IFCI has involved in medium to long term bonds; and

(c) what are the reasons for such Bond-Investment?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) and (b) The Industrial Finance Corporation of India Limited (IFCI) has reported that it has invested in the State Bank of India Bonds aggregating Rs. 5 crores.

(c) IFCI has reported that this investment was made by it on commercial considerations.

Liberalisation of Bank Financing for Stock Exchange Brokers

2251. SHRI B.K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has decided to liberalise bank financing for stock exchange brokers against shares lodged as security with the bank without effecting its legal transfer in the name of lending banks;

(b) what are the precautions envisaged in the eventuality of brokers defaulting in payment; and

(c) whether the new policy has been evolved just to obviate lot of funds being spent on stamp duty while effecting transfer of pledged shares and it so, whether it would be prudent to jeopardise security measures ought to be taken by the lending bank as seen under the hindsight provided by the security scam?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) No, Sir.

(b) In terms of the guidelines issued by the Reserve Bank of India (RBI) to commercial banks, in the case of advances to stock-brokers against shares and debentures, banks are required to get the securities transferred in their names where such advances exceed Rs. 3 lakhs and where the securities are held as security for more than three months. Besides, while granting overdraft facilities to stock-brokers against shares and debentures held by them as stock-in-trade, banks have been advised to make a careful assessment of the requiremments for such finance taking into account, inter alia, the financial position of the stockbrokers, business operations on own account of the stock-brokers and on behalf of their clients, and the income earned by them.

(c) Does not arise in view of reply to (a) above.

Control on Money Supply Expansion

2252. SHRI B.K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether Government have taken serious note of spiraling prices in recent months due to inadequate steps taken to control, the money supply expansion;

(b) whether the Reserve Bank of India, in its busy season credit policy for 1994-95, has prescribed an average rate of increase of 16% in money supply expansion and what are the internationally accepted levels of money supply expansion;

(c) what were the percentage of levels of money supply expansion during the months October-December, 1994; and

(d) whether Government would attempt to cut down the administered and other current expenditure of Government, control the trans-action costs and widen the tax base?

THE MINISTER OF STATE IN THE MIN-ISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) The annual rate of inflation as measured by change in the Wholesale Price Index (WPI) has come down for 11.6 per cent as on January 28,1995 to 10.3 as on March 11, 1995. Money Supply (MS) growth in the current financial year upto March, 3 1995 at 16.5 per cent was below the 17.3 per cent growth recorded in the corresponding period of the last financial year (upto March 4, 1994).

(b) An indicative target of 16 per cent over the year 1994-95 was set by the Reserve Bank of India in the credit policy announced for the second half of the current financial year, since this growth rate was felt to be consistent with the expected real GDP growth in 1994-95 of around 5.5 per cent and the objective of keeping inflation rate under control. The Desirable rate of money supply expansion differs from country to country, keeping in view various important macroeconomic trends including expected real GDP growth, balance of payments position and general price level.

(c) The percentages of money supply growth during October, November and December 1994 were 2.3 per cent, 1.2 per cent and 0.5 per cent respectively.

(d) It is proposed in the budget for 1995-96 to bring down centre's fiscal deficit from 6.7 per cent of GDP as per re vised estimate for 1994-95 to about 5.5 per cent of GDP in 1995-96. A number of steps have already been taken to moderate inflationary pressure. Monetary policy has already been tightened to reduce the growth of money supply. Imports of key essential commodities such as sugar, cotton, pulses and edible oils have been freely allowed. Open market sale of wheat and rice are being undertaken.

Service Charges and Lending Rates of Banks

2253. SHRI B.K. HARIPRASAD: Will the Minister of FINANCE be pleased to state;

(a) whether there have been complaints from the public against public sector banks arbitrarily fixing service charges and lending rates without any cost analysis.

(b) whether RBI has issued any guidelines to nationalised and scheduled banks governing fixation of lending rates and service charges and if so, whether these guidelines are being followed by all banks uniformly; and

(c) whether Government are aware of a move by the banks for reduction of term de posit rates to offset the cut in lending rates and if so, whether the RBI will intervene to curb